



OPEN MEETING AGENDA ITEM



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Chairman Gary Pierce
Commissioner Brenda Burns
Commissioner Sandra D. Kennedy
Commissioner Bob Stump
Commissioner Paul Newman

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AZ CORP COMMISSION
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Arizona Corporation Commission
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DEC - 8 2011

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RE: Schools and Government Program Docket No. E-01345A-11-0264

Dear Chairman Pierce and Commissioners,

In 2012 Schools and Government Solar Program (SGSP) should continue as defined by the ACC¹ and refined by APS in its recent 2012 REST filing. These refinements include a revised priority matrix for third party systems focused on the absolute neediest schools and a reduction in incentive levels.

The 2009 Rate settlement mandates a SGSP focused on needy schools in 2012. The question is should this requirement be met by Utility Owned Generation (UOG) or Third Party Owned Generation (TPOG) systems or both? APS and industry support continuation of the 75% TPOG/ 25% UOG split as directed by this Commission. ACC staff suggests third parties be eliminated from the needs based SGSP.

There are several reasons to continue the third party owned generation. First, as discussed by Ms. Ruby James², Superintendent Eloy ESD, by leveraging third party competitive bids schools obtain optimal solar solutions for their unique situation. Second, as shown, TPOG is twice as effective as UOG in supporting the most needy schools with 55% support versus 26%³. This higher effectiveness will be further enhanced by implementing the revised priority matrix that affects TGOG but not UOG.

	Total Bonding and Lunch Points		
	50	55	60
3rd Party	15%	30%	55%
APS	17%	57%	26%

Lastly, many companies and needy schools invested significant resources expecting the stability of a two year program. By eliminating the TPOG program, these investments are needlessly wasted and the stability of the whole renewable program is undermined. In summary, the third party SGSP is highly successful in reaching the objectives of the program. It is appropriate for the Commission to reward this success by continuing the third party owned needs based segment of the SGSP in 2012.

Best regards,

Thomas A. Harris

Tom Harris

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¹ Decisions 72022 and 72174

² E-01345A-11-0264 Docket Filing Nov. 28, 2011

³ Data obtained from APS answers to questions posed by Commissioner Kennedy